



Artee Williams
AESD Director

Legislature makes changes to Employment Security Law

The Arkansas Legislature approved several changes to the Employment Security Law recently. The following are some of the highlights of Act 902:

- The appeal period to the Arkansas Court of Appeals for determinations regarding whether an employer is covered under Employment Security Law was changed from 20 to 30 calendar days.
- Claimants who leave work upon the orders of a correctional institution or to satisfy terms of their parole or probation will be disqualified from receiving benefits.
- Claimants laid off for 10 weeks or less will be denied benefits if they refuse to return to work upon recall.

The change limits the length of the layoff.

- Trade affected claimants drawing unemployment insurance benefits can now avoid disqualification if they quit unsuitable work to begin or continue training. The change added "continue" training so UI law agrees with TAA law.

- When an overpayment determination is final, it can be filed with the circuit clerk's office and have the full effect of a judgment.

- Employers can no longer reduce their UI contribution rates by not reporting wages for one calendar year. If they cease reporting, they will return to the rate they had prior to the year

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Tougher penalties for SUTA dumping await employers

By Judy Thompson
Chief of Contributions

The U.S. Congress enacted the "SUTA Dumping Prevention Act of 2004." The Act is officially cited as Public Law No. 108-295 and provides that each state must adopt requirements of the SUTA Dumping Act by amending unemployment insurance laws.

SUTA dumping is the deliberate avoidance of unemployment insurance taxes by manipulating the UI tax rates. Companies manipulate UI tax rates by purchasing or forming a new entity or shell corporation with a low UI tax rate and then moving employees and wage reporting to the entity with the lower UI tax rate.

When companies unfairly or unlawfully manipulate their UI tax rates, they do not pay their fair share of UI taxes based on their actual experience. This places a greater financial burden on those employers who do pay their fair share.

The Arkansas SUTA dumping changes were adopted by the Arkansas General Assembly in Act 902 of 2005. The specific SUTA dumping provisions that went into effect on March 16, 2005, are found in Section 14 of the act, which created A.C.A. §11-10-723.

The new legislation provides for criminal and civil penalties for employers and financial advisors who engage in SUTA dumping.

Violations or attempted violations by employers can result in 2.0 percent UI rate increases for three years and 10.0 percent penalties on UI taxes due. Violations or attempted violations by advising other persons or entities to engage in SUTA dumping can result in penalties up to \$5,000 plus 10.0 percent of the UI tax due.

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State law changes agency's name

TANF block grant, TEA program transferred to AESD

Senate Bill 380 recently became Act 1705. The law:

- changes the name of the Arkansas Employment Security Department.
- provides for the transfer of the Temporary Assistance For Needy Families block grant to AESD.
- provides for the transfer of the Temporary Employment Assistance program to AESD. To view the full act, go to the Arkansas 85th General Assembly's site at www.arkleg.state.ar.us.

Name Change

Effective July 1, the Arkansas Employment Security Department will be

called the Department of Workforce Services.

Act 1705 changed the name to better represent the agency's current and expanding role in providing workforce-related services.

TANF Grant & TEA Program

The act also transferred the TANF block grant from the Arkansas Department of Human Services to AESD. DHS receives the grant each year from the U.S. Department of Health and Human Services.

The change will become effective upon

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In addition to any rate increases and other penalties imposed, any person who violates or advises others to violate the SUTA dumping provisions shall be guilty of a Class C felony.

Like all other states, Arkansas obviously considers SUTA dumping a serious problem and is taking steps to address this problem. Employers will be hearing more about this issue and actions the state is taking to combat the practice in the near future.

Those who would like more information regarding SUTA dumping or feel they know someone who might be engaging in SUTA dumping can contact the Status & Rate Unit at 501-682-3268.

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they stopped reporting wages.

- Leasing companies posting bond are required to use the client company's account number and contribution rate to report new client company wages. This must be done for three years. The wages must then be reported using the leasing company's account number and experience rating.

- Criminal and civil penalties for employers and financial advisors who engage in SUTA (State Unemployment Tax Act) dumping was added to the law.

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an interagency agreement between both agencies and approval by Gov. Mike Huckabee and the chairs of the Senate and House Committee on Public Health, Welfare and Labor.

Under the agreement, DHS will continue to determine eligibility and provide cash assistance and diversion payments, or payments made to clients upon a life-changing event.

AESD will receive the TANF block grant and will administer the TEA program. Duties will include providing education, training and employment services to TEA clients.

It is anticipated that a number of employees who perform case management functions for TEA clients will transfer to AESD. The number will be determined.

"We look forward to being part of the effort to transition TEA clients from dependency to self-sufficiency through job training and job placement," Artee Williams, the AESD director, said.

AESD unveils Arkansas Career Link

Save money and help an unemployed job seeker find a job. Get on board with Arkansas Career Link!

Arkansas Career Link is the Arkansas Employment Security Department's new initiative that links unemployed job seekers to employers.

The result is a win-win situation for both parties. Training is free to the employers, and the job seekers obtain work experience while receiving regular unemployment insurance benefits. As job seekers complete the training and re-enter the workforce, they no longer need unemployment insurance benefits – saving the Trust Fund money.

AESD will pilot the program in Jonesboro this summer. Depending on the success and interest, the program will be expanded to other communities across the state.

Who is eligible:

- Unemployment Insurance recipients with at least 14 weeks of eligibility, who live in Arkansas and have only Arkansas wages in their base period.
- All Arkansas employers, including training employers located in Arkansas and for-profit, nonprofit and governmental employers.

How it works:

- Employers must have a valid job opening on file with AESD.
- Qualified participants receive training up to 24 hours a week for eight weeks while drawing their UI benefits. (Training is limited to 24 hours a week so job seekers can expand their job search beyond the training site employer.)
- There is no fee to employers; they are not required to pay salaries.
- AESD also covers the workers' compensation fees.
- Once they have completed the training, participants receive a certificate of completion and consideration for employment.

Other guidelines:

- Employers can hire participants before the eight weeks are completed.
- If a training employer offers a participant a job, and the participant refuses the offer, a job refusal issue will be adjudicated.
- If a participant decides the training site is inappropriate, he may leave without penalty.
- If the employer finds the participant unsuitable, he may dismiss the participant without a separation issue being raised or becoming liable.

How to participate:

- Interested employers should contact Ron Snead, Cindy Varner or Mike Kennedy at (501) 682-2033.
- The only paperwork involved is an agreement form for both parties upon entering the program.

Benefits to employers:

- The program reduces a UI benefit recipient's duration on UI, saving the Trust Fund money.
- The employer tax burden is potentially reduced.
- An employer's training costs are minimized.
- The probability of a good hire is increased.
- Workers' compensation for participants is provided.
- It's a financial incentive to create new jobs.

Benefits to job seekers:

- They are given the opportunity to market skills to employers while adding new skills, training and work experience.
- They can maintain their connection to the workplace and broaden their network of contacts.
- Training can be turned into full-time employment.
- The program leads to a job or training certificate, thus increasing the individual's employability potential.